

Education Cabinet

Kentucky's annual unemployment rate falls to 5.5 percent for 2007

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FRANKFORT, Ky. — Kentucky's annual unemployment rate decreased to 5.5 percent in 2007 from 5.8 percent in 2006, while gaining 22,200 jobs and posting the highest number of nonfarm jobs in Kentucky's history, according to the Office of Employment and Training (OET) in the Department for Workforce Investment.

The U.S. unemployment rate remained at 4.6 percent in 2007, making it the lowest annual U.S. unemployment rate since 2000 when it was 4 percent.

"We recorded the most nonfarm (agriculture and self-employed jobs excluded) jobs of any year in Kentucky's history with 1,869,000 nonfarm jobs in 2007," said Justine Detzel, chief labor market analyst in the OET, an agency of the Education Cabinet. "This is the fourth consecutive year of job growth in Kentucky. In the late decade, we have added a net total of 116,200 nonfarm jobs.

"In addition, the 2007 annual unemployment rate of 5.5 percent is the lowest in Kentucky since 2001 when it was 5.2 percent."

Nine of Kentucky's 11 major nonfarm job sectors listed in the North American Industry Classification System (NAICS) showed employment growth in 2007, while two reported losses.

The government and public education sector experienced an increase of 6,300 jobs in 2007. Within the sector, local education (+3,100), state education (+1,000), state government (+2,600), local government (+3,600) and federal government (+100) all added jobs in 2007. In the last 10 years, the sector has increased by 29,900 positions.

Kentucky's trade, transportation and utilities sector added 6,300 jobs in 2007 and 11,300 over the past 10 years. It is the largest Kentucky sector with a total of 386,700 jobs. Within the sector, transportation, warehousing and utilities businesses increased by 2,500 jobs, retail trade rose by 2,300, and wholesale trade was up by 1,500.

"Trucking and warehousing, and wholesale trade employment are closely related. The two areas combined recorded more than half of the job gain (+3,300) in this sector. Trucking activity is often considered a good cyclical indicator because it shows the level of demand for goods," Detzel said.

The state's leisure and hospitality sector jumped by 4,500 positions in 2007 and 24,400 jobs in the last decade. Within the sector are arts, entertainment and recreation, and accommodation and food services. "Despite the weak economy, this sector has maintained strength, particularly in the accommodation and food services industries," Detzel said.

Educational and health services rose by 3,100 jobs in 2007 and has surged by 46,000 in the last 10 years. Within this sector, health care and social assistance industries, such as hospitals, nursing and residential care facilities and social assistance businesses, added 3,200 jobs in 2007 and have contributed 37,700 jobs in the past 10 years. Educational services in this sector include employees at private elementary, secondary and postsecondary schools along with other establishments that provide instruction and training.

"Healthcare is a growing industry because of longer life expectancy and the aging Kentucky population. We expect that trend to continue for the foreseeable future," said Detzel.

Kentucky's professional and business services, a sector that includes professional, scientific and technical services, management of companies, and administrative and support management, had 2,400 more jobs in 2007. This category also includes temporary help agencies that provide workers to other businesses on a contractual basis. In the last 10 years, the sector has ballooned by 33,200 jobs.

Financial activities, a sector that includes finance and insurance, and real estate, rental and leasing, reported 2,200 more positions in 2007. In the last decade, the sector has expanded by 13,200 positions.

Kentucky's construction sector had 2,100 more jobs in 2007. The sector has gained 1,600 jobs in the last 10 years. "The majority of these employment gains occurred in the heavy and civil engineering industry," said Detzel.

The information sector, which includes establishments involved in publishing, Internet activities, data processing, broadcasting and news syndication, added 600 positions in 2007. It is at the same employment level as in 1998 years ago.

Other services, a sector that includes repair and maintenance; personal and laundry services; and religious, civic, and professional organizations rose by 400 jobs in 2007. It has gained 8,100 jobs in the last 10 years.

On the down side, the manufacturing sector lost 5,000 jobs in 2007 for a total of 255,700 positions in that sector. In the last 10 years, the manufacturing sector has reported 50,800 fewer jobs.

"Manufacturing employment declined for the seventh straight year in 2007 with the majority of those employment losses in the durable goods subsector. Last year marked the largest number of job lost in manufacturing since 2003. Within durable goods manufacturing, machinery, appliances, equipment and parts manufacturing companies, and transportation equipment businesses together accounted for a decrease of 2,300 jobs.

“With the rising uncertainty regarding the health of the economy, sliding housing values, and credit more difficult to obtain, consumers have become reluctant to purchase big ticket items such as automobiles during the past year,” Detzel said.

“Over the last 10 years, both the durable goods and nondurable goods subsectors have experienced sizable employment losses. Most of the job losses in the nondurable goods subsector occurred in the apparel industry which has declined by 13,200 jobs over the past 10 years. Overall, there has been a 76 percent drop in the total number of apparel industry jobs in Kentucky in the last 10 years,” Detzel said.

The natural resources and mining sector decreased by 700 jobs in 2007 and lost 600 jobs since 1998. Coal mining makes up about 70 percent of this sector. Other industries included in the sector are forestry; oil and gas extraction; and support activities for mining.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count the number of people working. Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.